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Economic Intelligence Weekly

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The oil situation is now being covered mainly in International Oil Developments, published each Friday morning.

Note: Comments and queries regarding this publication are welcomed. They may be directed to Mrs.

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SECRET**ECONOMIC INTELLIGENCE WEEKLY****Notes****Bauxite Producers Exerting Pressure**

Jamaica has announced plans to re-negotiate contracts next month of the multinational aluminum companies to boost government receipts from bauxite operations. This move comes at a time when Guyana has opened negotiations to bring a Reynolds Metals subsidiary under majority domestic ownership. The international bauxite producers "club", made up of Australia, Guinea, Guyana, Jamaica, and Surinam, is preparing for a ministerial-level meeting in February to coordinate demands against the aluminum companies. The United States counts on the five countries for 78% of its bauxite supply, of which Jamaica and Guyana provided 56% and 4%, respectively, in 1972. [redacted]

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Polish Coal Exports

Poland, the world's largest coal exporter after the United States, is considering plans to expand production to meet growing world demand. Warsaw sold 37 million tons abroad in 1973, worth roughly \$700 million, compared with 47 million tons estimated for US exports. Poland probably could generate exports of at least 50 million tons per year by 1980 if it acts quickly to open new mines and to overcome transportation bottlenecks. A US businessman in the coal trade believes that annual US purchases of Polish coal might increase from about 600 thousand tons in 1974 to as much as 10 million tons by 1979. [redacted]

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African Copper Embargo Unlikely

Recent rumors that several Arab countries have agreed to provide funds for a year's stockpile of African copper are apparently baseless. President Mobutu of Zaire has expressed his intention to exercise more control over the destination of Zairian copper as part of his new economic measures, but officers of the mining companies in both Zambia and Zaire discount rumors of a stockpile. Other information suggests that Zambia has no intention of using copper -- which contributes more than 90% of the country's export earnings -- as a political weapon. [redacted]

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SECRET**Financing For Peru Copper Project**

Energy problems in the United Kingdom have delayed delivery of about \$40 million worth of mining equipment to the Southern Peru Copper Company (SPCC) for the Cuajone Mining Project. Disturbed SPCC officials now prefer to purchase this equipment in the United States if Export-Import Bank financing can be obtained. Peru has received no Ex-Im Bank credits since the International Petroleum Company was nationalized in October 1968. Recent US-Peruvian negotiations may now permit some Ex-Im participation in Cuajone. [REDACTED]

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Large Chinese Imports of Canadian Nickel

China imported 14,000 tons of nickel from Canada in 1973, double the 1972 level. Purchases from Canada for delivery in the first half of 1974 already amount to 20,000 tons. China's other suppliers -- Western Europe, the USSR, Cuba, and Albania -- furnished an additional 8,000 tons in 1972 and again in 1973 (preliminary estimate). China's imports from Canada consist of No. 1 grade metal, which commonly is used in making heavy, high-strength steel plate. [REDACTED]

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India: Grain Procurement Lags

The rebuilding of government stocks from the bumper fall harvest is off to a slow start as farmers withhold grain for higher prices and rural merchants, intent on refilling private stocks, have outbid the government in most areas. Unless current efforts to compel farmers to sell grain to the government are more effective, government grain stocks will be inadequate to meet the distribution needs for state shops and to restore minimum grain inventories. Procurement through the end of December indicates that New Delhi could fall about 2 million tons short of its goal of 6.65 million tons of rice and coarse grains. [REDACTED]

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Pakistan: Nationalization Measures

Islamabad last week nationalized all domestic banks, maritime shipping, and petroleum marketing companies, but not foreign-owned shares. Nationalization measures implemented since early 1972 give the government control of nearly all financial institutions and all major industries except textiles. The latest move -- justified as a step toward greater economic efficiency -- triggered a wave of bank withdrawals that could total \$20 million. Fears of further takeovers will retard already weak private investment and may prompt removal from the country of significant capital sums [REDACTED]

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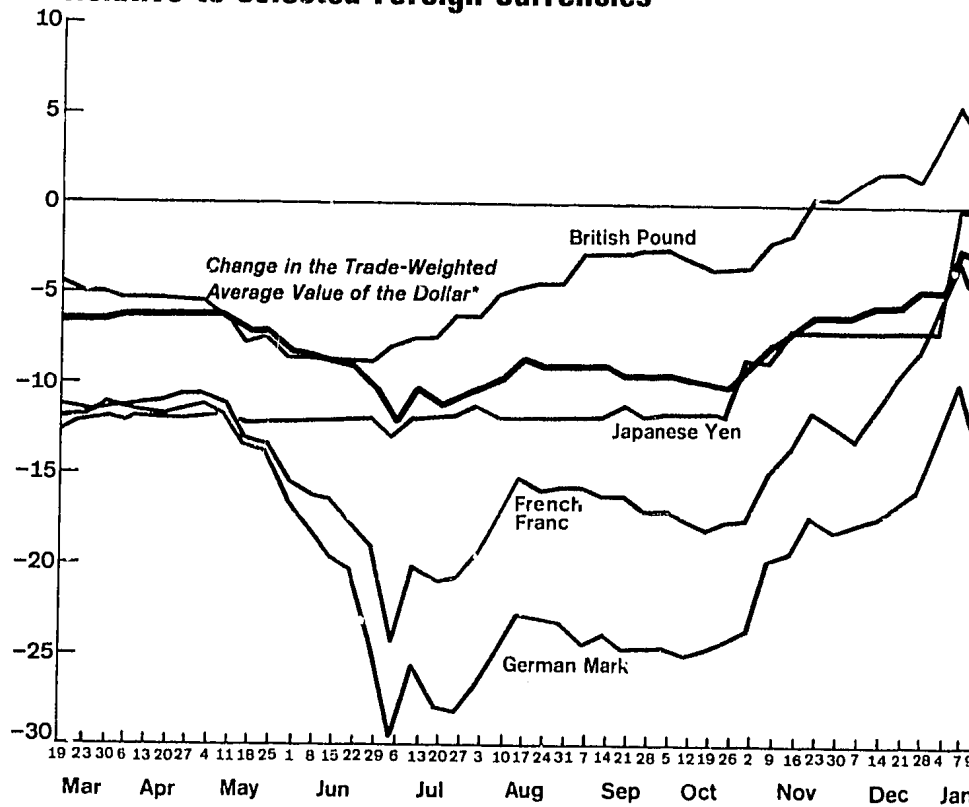
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Articles

INTERNATIONAL MONETARY DEVELOPMENTS

The dollar's rapid rise in early January was abruptly halted on Wednesday. Bonn's announcement that it was removing all foreign exchange controls -- introduced since 1972 to slow massive dollar inflows -- keyed the trader shift out of dollars. Other factors in the reversal included an apparent easing in Europe's oil situation, as reflected in the postponement of Germany's weekend driving ban, a reduction in Libya's posted oil price, and intervention by both the German and Japanese central banks.

**Percent Change Since 2 January 1973
In the Value of the US Dollar
Relative to Selected Foreign Currencies**



*Relative to 16 major currencies

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Europe

The mark remains below its previous central rate despite Bundesbank intervention in January exceeding \$740 million. Sterling, which was under pressure because of domestic labor problems, also finally began to strengthen slightly after setting record lows earlier in the month.

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Despite the fluctuations of the European currencies, little internal pressure has been exerted on the European joint float since it became evident that the Dutch would continue to receive oil in the face of the Arab embargo.

Japan

The central bank -- after spending \$3 billion since 13 November to support the yen and to avoid the inflationary impact of a devaluation -- now has allowed the yen to depreciate by 6.7%. Tokyo is carefully watching the support operations of European central banks.

Gold

The price of gold has also skyrocketed to new highs, being quoted at \$124 per troy ounce yesterday. In early 1973, gold demand was spurred by the dollar's weakness; in recent months the demand has been driven by the weaknesses in other major currencies and accelerating worldwide inflation.

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CANADA GAINS GROUND IN WORLD REACTOR MARKET

Canada is seriously challenging the United States in the world market for nuclear power reactors. A major sales breakthrough occurred last March when Argentina bought a 600-MW CANDU reactor from Canada. And South Korea unexpectedly signed a letter of intent on 7 December to purchase a similar reactor and took an option on a second, at a cost of about \$250 million each.

For more than 10 years Canada has been promoting the CANDU system, which uses natural uranium as fuel and heavy water as moderator and coolant. Until last year, it had succeeded only in selling two small power reactors to India and one to Pakistan and an experimental research reactor to Taiwan. Canada's competitive position was greatly improved in 1973 by the impressive performance of the Pickering nuclear powerplant, the world's largest, with four CANDU reactors totaling 2,080 MW.

South Korea's first nuclear powerplant is being built by Westinghouse at a cost of \$175 million, and Seoul has an option to buy a second plant of the same type (600-MW light water type, fueled by enriched uranium). Although the Canadian reactor has a higher initial cost, South Korea is switching suppliers apparently because of the stringent terms and rising cost of US enrichment services.

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In recent months, the president of Atomic Energy of Canada Ltd., Loren Gray, has traveled widely, promoting the CANDU reactor. In September he conducted sales seminars in Israel, Turkey, and Iran, and at the end of November he made a presentation to UK government officials, who are about to choose a reactor for the next stage of the United Kingdom's nuclear power program. Britain still seems to favor light water reactors of US design, however, and will announce its decision on 1 February.

After signing the letter of intent in Korea, Mr. Gray discussed the merits of the CANDU reactor with Japanese officials. Japan's nuclear power program, second only to that of the United States, is now based on US reactors. Like Korea, Japan is reconsidering its plans to use US technology and equipment because of the growing cost of enrichment services, the required long-term commitment to buy the services, and the eight years' lead time needed to obtain the plants. [REDACTED]

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JAPAN'S POLICY DILEMMA

Tokyo faces a policy dilemma as a result of the latest oil price increase. The price hike will add directly to the already serious inflation problem while having a strong contractionary impact that could bring real economic growth almost to a halt.

The direct loss in purchasing power as a result of higher oil import costs will amount to \$10 billion in the first year - almost 3% of GNP and 8% of fixed investment. To help compensate, Tokyo could boost its budget deficit by a like amount. For the moment, however, the government plans no change in its demand management policies. Tokyo still is planning to reduce deficit spending and in recent weeks the central bank has moved to substantially restrict private spending.

The government is in a difficult position because it is unclear how much stimulative action would be required before the economy begins running into the energy supply constraint. Indeed, how much oil will be available is still uncertain, but we estimate that it probably will be enough to permit real growth of 3% to 5%. At the upper end of the range a rather substantial easing of fiscal or monetary policies probably would be required to fill the deflationary gap resulting from higher oil import costs.

Another problem in setting policy is that Tokyo's chief concern still is spiraling inflation. Supply problems at home and higher import prices have boosted the wholesale price index 25% and consumer prices by about

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15% over the past year, and there is no sign of easing. Even before the latest oil price hike, the outlook was for a 15% increase in wholesale prices during 1974.

Because inflation already is a serious political problem, Tokyo will move cautiously in coping with the adverse impact of higher oil import costs on real output. This probably will be the case even if economic growth slows more than is required by the energy supply constraint. Prime Minister Tanaka's political position has been seriously weakened by the price spiral, and Finance Minister Fukuda has made clear his desire to bring inflation under control even at some cost in economic growth.

If Tokyo were to take stimulative action, it would prefer to use exchange rate adjustments and other measures to boost exports. The government already is worried about the substantial trade deficit looming for 1974.

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CANADIAN WHEAT STRATEGY

After helping to drive up world wheat prices last fall, Canada is now cashing in on its actions. Since early December Ottawa has sold 1.5 million tons at world prices, which have jumped past the Canadian holdout level. These recent sales raise commitments for the 1973/74 crop year to 10 million to 12 million tons out of a likely export target of 15 million tons. Exports of this latter magnitude would ease pressures on US supplies during the remainder of the year.

Canada: Wheat Situation

				Million Tons
Crop Year ¹	Production	Domestic Use	Exports	Stocks (End of Crop Year)
1967/68	16.1	4.2	9.2	18.1
1968/69	17.7	4.3	8.3	23.2
1969/70	18.6	4.9	9.4	27.4
1970/71	9.0	4.6	11.8	19.9
1971/72	14.4	4.6	13.7	16.0
1972/73	14.5	4.9	15.6	9.9
1973/74 Est.	17.1	4.6	15.1	7.3

1. 1 August to 31 July.

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Ottawa's price-push strategy became apparent in late August. During September-November, Canada was able to sell almost 3.5 million tons at prices roughly 40 to 80 cents a bushel above the market. Many customers reacted by turning to the United States and other suppliers, forcing world market prices upward.

The Canadian rail system may not be able to move 15 million tons of grain by 31 July. Domestic rail strikes and boxcar shortages have caused wheat shipments to slip behind last year's pace. [REDACTED]

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BRAZIL'S COFFEE PROBLEM

In response to production shortfalls, Brazil has set coffee export quotas for the first half of 1974 at only 5.1 million bags, compared with 9.1 million in the first half of 1973. Official minimum export prices for coffee will be raised in stages beginning in February until a price of 68 cents per pound is reached in June, 5 cents above the present minimum.

World coffee prices were little affected by these developments because the market already has discounted the Brazilian shortfall. Prices had increased more than 35% during the past 18 months, after a severe frost in 1972 sharply reduced the coffee crop available for the 1973/74 marketing year. In principle, Brasilia does not authorize exports sold below the minimum price; in practice, coffee is regularly marketed at less than the minimum. Brazil's f.o.b. coffee prices have averaged about 60 cents per pound in recent months, even though the minimum official price was 63 cents. This gap will widen if world market prices fail to rise as Brazil increases its minimum price.

Early estimates for the 1974/75 crop forecast a 25 million-bag harvest. A more recent assessment indicates that production probably will not exceed 20 million bags, adequate for exports of only 10 million to 12 million bags.

Brazilian authorities have stated that 1974 coffee export earnings will equal last year's level, estimated at nearly \$1.3 billion. To achieve the export volume needed for that level of earnings, prices would have to increase considerably in the second half of the year and the government would have to draw heavily on already depleted stocks. [REDACTED]

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SECRET**SOVIET EQUIPMENT ORDERS IN 1973**

The Soviet Union ordered a record \$2.5 billion worth of machinery and equipment from the West in 1973 – three-fifths more than in 1972. This level of orders in the face of an all-time high hard currency deficit reflected the strength of Soviet demand for advanced Western equipment and access to new sources of credit – notably in the United States.

Soviet Machinery and Equipment Orders

	Million US \$	
From	1972	1973
Total	1,580	2,530
Italy	170	625
United States	345	435
West Germany	370	425
France	340	395
Japan	135	155
Sweden	15	145
United Kingdom	75	135
Other	130	215

Soviet Machinery and Equipment Orders, by Type

	Million US \$	
Type	1972	1973
Total	1,580	2,530
Chemical	250	875
Motor vehicle manufacturing	285	485
Metallurgy and metalworking	55	330
Consumer goods manufacturing	10	190
Petroleum refining and pipeline	220	160
Timber and wood processing	110	135
Ships and marine	110	95
Electronics	50	50
Textiles	45	35
Food processing	15	10
Mining and construction	110	5
Other	320	160

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US firms received orders for \$435 million worth of machinery and equipment, excluding several large orders awarded to US subsidiaries in Europe. Italian sales increased the most, thanks to a \$500 million Montedison contract for chemical plants. West Germany and France remained close competitors with the United States for Soviet business, while Japan, Sweden, and the United Kingdom lagged well behind.

Equipment for the chemical industry accounted for two-thirds of the increase from 1972 to 1973. Orders for metallurgical and consumer goods equipment also rose steeply. Much of the automotive equipment (second in total value) will be installed in the giant Kama Truck Plant. Since most equipment imports are connected with major plans for capital expansion, deliveries will stretch out over several years.

To finance the machinery and equipment purchases, the USSR has insisted on long-term credits at low interest rates, guaranteed by Western governments. Italy extended a \$600 million line of credit early in 1973 and France \$350 million in July. By the end of 1973, the US Export-Import Bank had given preliminary or final approval for loans totaling more than \$300 million. An equal amount is to be loaned by private US banks.

Several major projects remain at the discussion stage, including another truck plant, several chemical plants, appliance factories, tire plants, and a commercial aircraft plant. Moscow's purchases of foreign equipment thus will continue at a high level in 1974.

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SECRET**Publications of Interest****Transfer of Technology from the United States to the USSR:****Problems and Prospects**

(CIA ER IR 73-26, December 1973, [REDACTED])

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In an effort to spur technological progress, the USSR has turned increasingly to imported technology, especially from the United States. Transfers of technology in the form of Western machinery and technical data will be insufficient and too slowly assimilated to have a substantial impact on Soviet economic and technical development. Ultimately, the USSR must depend on its own applied R&D sector to close the technological gap with the West and to boost economic growth. In certain areas, the acquisition of key Western technology could make Soviet products competitive in Western markets.

The Economic Situation in South Vietnam. December 1973

(CIA ER IR 73-27, December 1973, [REDACTED])

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Key events in December were (1) the Communist attack on the nation's largest fuel depot at Nha Be, (2) a new tax on luxury imports, (3) continued growth of commodity exports, (4) approval of the 1974 national budget, and (5) progress in foreign assistance from non-US sources.

Arab Vulnerability to Western Countermeasures

(CIA ER IM 73-67, December 1973, [REDACTED])

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The Arabs could surmount economic countermeasures available to the West. In the unlikely event of a Western embargo of exports, the Arabs probably would get essential imports from the Communist countries and other non-embargoing nations. Similarly, a freezing of Arab deposits in the West and denial of Western shipping would not undermine basic Arab economic activity. Countermeasures would prove more costly to the West than to the Arabs; complete denial of Arab oil to Western Europe and Japan would shortly cause grave industrial crises.

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DOMESTIC ECONOMIC INDICATORS

GNP*

Constant Market Prices

	Latest Quarter	Percent Change from Previous		Average Annual Growth Rate Since		
		Quarter	1970	1 Year Earlier	Previous Quarter	
United States	73 III	0.9	5.0	5.7	3.7	
Japan	73 III	0.5	8.5	10.0	2.0	
West Germany	73 III	0.1	3.3	5.3	0.5	
France	73 I	0.7	0.2	8.7	2.9	
United Kingdom	73 III	0.9	4.5	11.3	3.9	
Italy	73 I	0.8	3.1	5.2	3.4	
Canada	73 III	0.4	5.7	8.9	1.7	

WHOLESALE PRICES

Industrial

	Latest Month	Percent Change from Previous		Average Annual Growth Rate Since		
		Month	1970	1 Year Earlier	3 Months Earlier	
United States	Nov 73	3.2	8.0	12.3	21.3	
Japan	Nov 73	3.2	7.0	22.3	31.9	
West Germany	Oct 73	0.8	4.9	7.3	5.2	
France	Oct 73	1.2	7.5	15.8	14.2	
United Kingdom	Nov 73	1.3	8.0	9.5	19.3	
Italy	Nov 73	1.6	9.0	21.1	17.5	
Canada	Oct 73	1.1	10.1	24.3	34.8	

INDUSTRIAL PRODUCTION*

	Latest Month	Percent Change from Previous		Average Annual Growth Rate Since		
		Month	1970	1 Year Earlier	3 Months Earlier**	
United States	Nov 73	0.2	5.2	8.4	2.6	
Japan	Nov 73	0.4	9.3	16.8	14.0	
West Germany	Oct 73	-1.1	3.8	6.5	7.7	
France	Oct 73	3.6	7.0	8.7	-1.3	
United Kingdom	Oct 73	0.1	3.7	5.8	2.7	
Italy	Oct 73	-2.4	4.1	10.5	18.2	
Canada	Sep 73	1.8	6.0	8.3	-3.4	

CONSUMER PRICES

	Latest Month	Percent Change from Previous		Average Annual Growth Rate Since		
		Month	1970	1 Year Earlier	3 Months Earlier	
United States	Nov 73	1.7	5.1	8.4	7.6	
Japan	Nov 73	1.0	8.2	15.9	18.4	
West Germany	Oct 73	0.7	5.9	6.6	3.8	
France	Nov 73	0.9	6.7	8.4	12.1	
United Kingdom	Nov 73	0.8	8.9	10.4	15.7	
Italy	Oct 73	0.8	7.3	11.0	8.3	
Canada	Nov 73	0.8	5.5	5.5	6.7	

RETAIL SALES*

Current Prices

	Latest Month	Percent Change from Previous		Average Annual Growth Rate Since		
		Month	1970	1 Year Earlier	3 Months Earlier**	
United States	Nov 73	0.1	11.0	11.4	8.5	
Japan	Nov 73	-0.1	12.6	21.0	16.9	
West Germany	Oct 73	4.1	9.1	9.2	1.2	
France	Sep 73	10.0	8.1	3.8	0.3	
United Kingdom	Aug 73	0.7	11.1	12.1	14.8	
Italy	Aug 73	6.7	12.4	19.0	5.0	
Canada	Nov 73	0.3	10.1	10.5	8.0	

MONEY SUPPLY*

	Latest Month	Percent Change from Previous		Average Annual Growth Rate Since		
		Month	1970	1 Year Earlier	3 Months Earlier**	
United States	Nov 73	0.9	7.2	5.5	1.2	
Japan	Sep 73	4.0	18.7	27.0	6.8	
West Germany	Oct 73	-0.5	8.3	-0.6	-8.9	
France	Sep 73	1.5	12.3	8.1	-3.8	
United Kingdom	Nov 73	-0.8	9.9	5.8	-6.6	
Italy	Jun 73	2.8	20.8	22.2	26.5	
Canada	Oct 73	0.7	13.4	13.8	10.9	

MONEY-MARKET RATES

	Representative Rate	Percent Rate of Interest			
		Latest Date	1 Year Earlier	3 Months Earlier	1 Month Earlier
United States	Prime finance pay:	4 Jan	8.00	5.50	8.25
Japan	Call money	28 Dec	12.00	4.88	9.00
West Germany	Interbank loans (3 Months)	4 Jan	12.75	8.25	14.36
France	Call money	21 Dec	11.88	7.25	9.25
United Kingdom	Local authority deposits	7 Dec	15.38	5.59	14.06
Canada	Finance paper	4 Jan	9.50	5.31	8.75
Euro-Dollars	Three-month deposits	4 Jan	9.31	6.08	10.89

*Seasonally adjusted.
 **Average for latest 3 months compared with average for previous 3 months.

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EXTERNAL ECONOMIC INDICATORS

EXPORTS*

f.o.b.

	Latest Month	Cumulative			
		Million US \$		Percent Change	
		1973	1972		
United States	Nov 73	6,820	63,880	44,800	43.0
Japan	Nov 73	3,556	32,520	25,164	29.3
West Germany	Nov 73	6,751	62,405	42,469	40.9
France	Nov 73	3,538	33,658	24,029	40.1
United Kingdom	Nov 73	2,478	26,077	20,908	24.7
Italy	Oct 73	2,223	17,826	15,020	18.7
Canada	Sep 73	1,990	18,084	14,547	24.3

EXPORT PRICES

US \$

	Latest Month	Percent Change from Previous		Average Annual Growth Rate Since	
		Month	1970	1 Year Earlier	3 Months Earlier
		Month	1970	1 Year Earlier	3 Months Earlier
United States	Nov 73	1.4	9.2	21.5	18.8
Japan	Sep 73	1.7	13.2	25.1	39.9
West Germany	Sep 73	-0.8	15.0	33.3	38.6
France	Aug 73	1.4	15.2	30.6	56.8
United Kingdom	Sep 73	-1.8	9.8	12.8	-8.1
Italy	Aug 73	2.4	10.7	18.4	40.5
Canada	Aug 73	2.9	6.9	15.2	19.0

IMPORTS*

f.o.b.

	Latest Month	Cumulative			
		Million US \$	Million US \$		Percent Change
			1973	1972	
United States	Nov 73	6,730	63,088	50,551	24.6
Japan	Nov 73	3,142	28,454	17,053	68.9
West Germany	Nov 73	4,972	47,270	34,465	37.2
France	Nov 73	3,350	32,456	22,898	41.7
United Kingdom	Nov 73	3,124	30,792	22,451	37.2
Italy	Oct 73	2,428	19,992	13,933	43.5
Canada	Sep 73	1,940	18,914	13,783	22.7

EXPORT PRICES

National Currency

	Latest Month	Percent Change from Previous		Average Annual Growth Rate Since	
		Month	1970	1 Year Earlier	3 Months Earlier
		Month	1970	1 Year Earlier	3 Months Earlier
United States	Nov 73	1.4	9.2	21.5	18.8
Japan	Sep 73	1.8	3.3	10.2	4.4
West Germany	Sep 73	1.3	1.3	1.4	10.2
France	Aug 73	3.6	5.5	9.4	19.0
United Kingdom	Sep 73	0.5	9.1	12.8	15.5
Italy	Aug 73	0.8	7.8	16.7	30.0
Canada	Aug 73	2.8	5.7	16.9	19.9

TRADE BALANCE*

f.o.b./f.o.b.

	Latest Month		Cumulative (Million US \$)		
		Million US \$	1973	1972	Change
United States	Nov 73	90	774	-5,891	6,865
Japan	Nov 73	414	4,072	8,111	-4,040
West Germany	Nov 73	1,779	15,136	8,004	7,132
France	Nov 73	188	1,202	1,131	71
United Kingdom	Nov 73	-846	-4,715	1,545	-3,171
Italy	Oct 73	-205	-2,166	1,087	-3,253
Canada	Sep 73	49	1,170	783	407

IMPORT PRICES

National Currency

	Latest Month	Percent Change from Previous		Average Annual Growth Rate Since	
		Month	1970	1 Year Earlier	3 Months Earlier
		Month	1970	1 Year Earlier	3 Months Earlier
United States	Nov 73	3.4	12.3	26.5	33.5
Japan	Sep 73	0.7	2.8	14.1	23.4
West Germany	Sep 73	0.9	0.1	3.0	0.4
France	Aug 73	4.5	4.5	8.9	23.9
United Kingdom	Sep 73	5.5	14.8	41.5	65.2
Italy	Aug 73	3.5	13.4	34.2	72.6
Canada	Jul 73	1.5	5.2	11.6	17.5

BASIC BALANCE**

Current and Long-Term-Capital Transactions

		Latest Period	Cumulative (Million US \$)		
		Million US \$	1973	1972	Change
United States *	73 III	2,540	990	-8,400	9,390
Japan	Nov 73	-1,135	-8,471	1,907	-10,378
West Germany	Oct 73	925	3,445	3,867	-421
France	73 II	17	-559	-202	-357
United Kingdom	73 II	-261	-1,348	-630	-717
Italy	72 IV	800	N.A.	2,983	N.A.
Canada	73 II	93	-151	434	-585

EXCHANGE RATES

Spot Rate

As of 4 Jan 74

	US \$ Per Unit	Percent Change from			
		Dec 66	18 Dec 1971	19 Mar 1973	28 Dec 1973
		Dec 66	1971	1973	1973
Japan (Yen)	0.0036	29.43	9.98	-6.10	0
West Germany (Deutsche Mark)	0.3593	42.92	15.79	1.47	-3.05
France (Franc)	0.2071	2.58	5.18	-6.03	-2.68
United Kingdom (Pound Sterling)	2.2760	-18.44	-12.85	-7.52	-1.83
Italy (Lira)	0.0016	0.75	-6.22	-8.87	-2.00
Canada (Dollar)	1.0072	9.19	0.94	0.95	0.42

OFFICIAL RESERVES

	Latest Month	Billion US \$			
		Billion US \$		1 Year Earlier	
		Jun 1970	Jun 1970	1 Year Earlier	3 Months Earlier
United States	Oct 73	14.4	16.3	13.3	14.0
Japan	Dec 73	12.2	4.1	18.4	14.8
West Germany	Oct 73	39.8	8.8	23.9	42.4
France	Nov 73	7.9	4.4	10.0	9.9
United Kingdom	Dec 73	8.5	2.8	5.6	8.4
Italy	Oct 73	6.2	4.7	6.3	5.7
Canada	Dec 73	5.8	4.3	6.1	5.5

TRADE-WEIGHTED EXCHANGE RATES***

As of 4 Jan 74

	US \$ Per Unit	Percent Change from			
		Dec 66	18 Dec 1971	19 Mar 1973	28 Dec 1973
		Dec 66	1971	1973	1973
United States	-14.13	-4.81	1.87	0.79	
Japan	19.51	5.87	-6.28	0.54	
West Germany	26.60	9.87	4.92	-1.19	
France	-14.81	-1.39	-3.83	-0.54	
United Kingdom	-35.05	-20.93	-6.58	-0.34	
Italy	-15.85	-14.49	-7.68	0.20	
Canada	7.00	0.40	2.03	0.79	

*Seasonally adjusted.

**Converted into US dollars at current market rates of exchange.

10 Jan 74

***Weighting is based on each listed country's trade with 16 other industrialized countries to reflect the competitive impact of exchange-rate variations among the major currencies.